OCTOBER 7, 1963

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MORE PROGRESS FOR INDIAN AGRICULTURE

U.S. AND SOVIET AGRICULTURE COMPARED

U.S. CAN HELP FILL WORLD WHEAT GAP

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

OCTOBER 7, 1963

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Wheat from the U.S. is loaded onto truck in Calcutta. India, a large food grain importer, has as a major objective self-sufficiency in these grains. (Story on page 5.)

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DEPOSITED BY THE
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NO RACE between U.S. and SOVIET AGRICULTURE

By HARRY E. WALTERS
Regional Analysis Division
Economic Research Service

The world's two leading agricultural nations, the United States and the Soviet Union, differ considerably both in their physical and economic resources and in their use of them. The difference has never been more apparent than this year when the USSR must import great quantities of wheat, one of its principal crops, to supply itself and satellite nations—and the United States continues to have food surpluses.

Differences between the two countries are so great that comparisons are difficult. Unfortunately, the USSR has used comparisons to give the impression that its agriculture and that of the United States are vying for supremacy and that possibilities for agricultural expansion are greater in the Soviet Union than in this country.

Neither supposition is accurate.

If there is a race, it is one-sided. Farmers in the United States are not trying to outproduce those in the Soviet Union, nor increase total agricultural production in physical terms. American farmers producing commodities for the domestic and international market could increase their output if there were increased demand. When demand for a U.S. commodity declines, farmers curtail production. State and Federal governments attempt to make the adjustments less harsh for the American farmer, but the market still provides the guidelines.

In the Soviet Union, however, agricultural production, like all production, is planned by the government. Since 1959, Soviet agriculture has consistently failed to meet planned production goals for almost all commodities. According to Premier Khrushchev himself, Soviet agriculture does not provide sufficient food and livestock feed.

Soviet leaders constantly talk about the great "reserves" possessed by Soviet agriculture and the need for bringing these "reserves" into production. They point to the great increases in the USSR's sown area and livestock numbers, and its vast areas of unused land. In the United States, they argue, the sown area has declined, livestock numbers increase only gradually, and net investment in agriculture grows slowly.

Since they persist in using the term "reserves" and in making such comparisons, it is well to keep in mind just what the reserves of both countries are, and what their differences really mean.

The United States possesses great agricultural reserves in human and natural resources, knowledge, machinery, and other capital. These are used by American farmers to satisfy their immediate needs most efficiently, and at times they remain unused. For example, on an American farm it is not uncommon to find tractors and different types of machinery which may stand idle during parts of the year. But they can be, and are, mobilized at peak periods of production and when extra efforts are required.

The same is true of land. Over the last few decades a considerable amount of U.S. land has been taken out of production because farmers now produce more on less land, concentrating their efforts on the most productive land. However, if the demand warranted, much of this unused land could be quickly brought into production, as it was during World Wars I and II.

U.S. investment in efficiency

A great deal of the investment in American agriculture today is in more efficient means of production—land improvement and reclamation, more efficient buildings and storage facilities, better herds, more fertilization, and improved machinery—not in increasing the quantity of livestock, buildings, land, and equipment. Net additions to total capital investment in American agriculture in recent years have been relatively small.

When Soviet officials talk about reserves, they have in mind, for the most part, their great land mass (much of which is unsuitable for agriculture), the latent abilities and efforts of their large labor force (which they seem incapable of adequately stimulating), and the machinery and equipment that stand idle in the Soviet Union.

Large numbers of tractors and other farm implements do stand idle every year in the Soviet Union, because there are no spare parts, competent mechanics are not available, nor are competent operators. This machinery stands idle even during peak periods of production.

In land utilization, the Soviet Union is continually expanding sown acreage, but increasingly in marginal land,

while the more valuable land suffers from inadequate fertilization, poor management, and careless cultivation. Although fertilizer is not plentiful, large amounts are wasted every year.

Similarly, labor is often very inefficiently utilized, especially in comparison with that of the United States, and because almost half the Soviet labor force is still employed in agriculture, this means that a large segment of the nation's labor force is inefficiently utilized.

Facts on U.S. and USSR agriculture

Here are some of the facts upon which any comparison of U.S. and Soviet agriculture must be based.

The land area of the Soviet Union—almost one-sixth of the earth's surface—vastly exceeds that of the United States, but unfavorable geographic and climatic factors render much of this vast area useless for agricultural production. Unfavorable temperatures in some parts of the country and inadequate moisture in others limit production. Thus, the Soviet Union has only about 40 percent more cultivated area than the United States.

Sown area in the United States in 1961 totaled 310 million acres and in the USSR 505 million acres. Sown area in the United States has declined from a peak of 375 million acres in 1932, while the Soviet sown area increased 141 million acres between 1950-60. In the United States the emphasis is on high yields on better land, while in the USSR the emphasis has been on extensive utilization of land, even marginal land.

Capital is the factor that allows U.S. agriculture to achieve its large output with such small labor inputs.

In the United States there was 1 tractor for every 66 acres of sown area in 1961 and in the USSR 1 tractor for every 432 sown acres. On January 1, 1962, the United States had 4.6 million tractors while the USSR had 1.2 million. The United States had over 1 million grain combines, and the USSR 503,000. The United States had almost 2.9 million trucks and the USSR 790,000.

Capital inputs in USSR agriculture have grown substantially in the past decade, however, and these inventories represent a great improvement.

U.S. crop production higher

Crop production in the United States is much higher than in the USSR due to higher yields. Yields in the USSR are only 40 to 50 percent of U.S. yields. Thus, although the USSR plants much more land to crops and uses much more labor, the resultant production is lower. As reflected in the Soviet diet, more than half the sown area in the USSR is in grains—277.3 million acres compared to 160 million in the United States. The USSR plants far more of its crop land to wheat, rye, and potatoes; the United States plants much more corn.

Livestock production is the most inadequate sector of Soviet agriculture. Livestock numbers have increased greatly in the past decade and the USSR now has more hogs, cows, and sheep than the United States and almost as many head of cattle. However, meat production is much below the U.S. level. The USSR produces only 31 percent as much beef and veal, 56 percent as much pork and 27 percent as much poultry. Soviet mutton, lamb, and goat production is more than twice as large as that of United States.

Agricultural trade is of much greater importance to the United States than to the USSR. In both, agricultural exports make up between 20 and 24 percent of total exports, but the total volume of U.S. exports and agricultural exports is much larger. The United States exports at least two-fifths of its wheat production while the USSR exported only 7 percent in 1962, and already in 1963, has imported 7 million tons.

Many of the problems faced by Soviet agriculture have their roots in the history of Soviet agricultural policy. Throughout its almost half-century history, the Soviet Government has held the position that industrialization of the country came first, especially the rapid development of heavy industry and armaments. Since agriculture was the major economic sector of the economy, it provided much of the initial capital for industrialization.

Furthermore, the Soviet Union has been committed to an organization structure in agriculture motivated by political and ideological rather than productive objectives. From the early 1930's until the early 1950's this organizational structure was used as a tool for extracting from agriculture the largest possible quantities of foodstuffs and raw materials at the least possible cost to the state.

Long neglect of Soviet agriculture

It is impossible to measure the impact of these factors upon Soviet agriculture. Undoubtedly it has been great, owing to the decades of draining resources from agriculture with very little compensation, withholding from agriculture the necessary productive inputs, and most particularly the drain from agriculture of some of its best human resources, both labor and managerial. These things have left Soviet agriculture the residual claimant of the fruits of Soviet industrialization.

Agricultural production undoubtedly could be increased and the vast labor force in Soviet agriculture could be more efficiently employed if significant organizational and managerial changes were made, incentives to individual agricultural workers and managers increased, and greater amounts of capital supplied to agriculture. In this sense, there are still considerable "reserves" in Soviet agriculture. Low crop yields and labor productivity could be raised, even though not as fast nor as high as demanded by Soviet planners because of climatic obstacles.

A major question is whether the present unwieldy system in agriculture can adapt to these increased efforts if they materialize, and whether the incentives to farm workers are increased. Present indications are that 1963, despite the great emphasis placed on agriculture in the past 2 years, will be a poor year for agricultural production in the Soviet Union.

The report on which this article is based—*"Agriculture in the United States and the Soviet Union,"* ERS-Foreign 53—may be obtained from the Economic Research Service, USDA, Washington, D.C., 20250.

India's Third Five Year Plan

—mid-term review leads to acceleration for agriculture

As the third of India's 5-year plans approaches its halfway mark, the government has taken a number of steps to speed up the Plan's agricultural development programs. Agriculture has had first priority from the Plan's beginning, but stronger efforts are now felt necessary—first, because of the national emergency created by last fall's border crisis with the Chinese, and second, because of the strong criticisms leveled at the government for the lack of agricultural progress so far during the Plan.

India's Planning Commission has now decided to allocate $178.5 million more for increasing agricultural production during the remainder of the Plan period. This decision is the outcome of the Commission's mid-term review and the recommendations of the central agricultural teams that visited various States during May and June. Of the increased allocation, $151.2 million will go to programs bringing additional areas under minor irrigation facilities, and the rest to soil conservation, for which the target has also been increased.

The new allocation brings the Third Plan's total financial provision for farm production programs to about $2,866 million against a comparable outlay of about $1,400 million in the Second Plan.

Production gains are slow

The basic agricultural objectives of the Plan remain the same: To achieve self-sufficiency in food grains and to increase the production of commercial crops for the requirements of industry and the export trade. The Plan still envisages an overall increase of 30 percent in agricultural output over the 5-year period (1961-62 through 1965-66), which means an average increase of 6 percent a year. Yet during the Plan's first year, the index number of total agricultural production stayed at 139.9, just where it was at the end of the previous plan; and though an official estimate of the 1962-63 harvest has not yet been released, there is no indication that the level will show marked improvement over the base year (1949-50).

This rather static level of farm output during the first 2 years of the Third Plan has been due in part to relatively unfavorable weather, compared with the unusually good conditions in 1960-61, when output went up by about 9 percent. In addition, however, the National government claims poor performance — especially at State levels—in carrying out the Plan's agricultural programs.

Administrative problems

On several occasions, according to the Planning Commission, some States have used for nonagricultural purposes part of the central assistance given for agriculture. State governments have now been told that funds set apart for agriculture should not be diverted to any other use.

In the interest of faster agricultural gains, however, the National government has urged the States to drop, curtail, or defer some of the long-term measures for agricultural development and also to cut down as far as possible the expenditure of funds on buildings. The savings are to be diverted to high-priority projects that will lead to increased farm production over a short period.

Another criticism claims lack of coordination among the State and national officials responsible for carrying out the Plan. The central government has now recommended that the chief ministers of the States take over the portfolio of agriculture themselves or entrust it to a senior cabinet minister. Agricultural production committees at the cabinet and secretarial levels are being set up in various States to streamline administrative arrangements, make quick policy decisions, and remove delays and bottlenecks.

INDIA'S THIRD FIVE YEAR PLAN: PRODUCTION (ACTUAL AND PROJECTED) OF IMPORTANT AGRICULTURAL COMMODITIES, 1961-62 TO 1965-66

Item	Food grains incl. pulses	Sugarcane	Factory-refined sugar	Oilseeds	Cotton	Jute and mesta	Tea	Coffee	Tobacco
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 bales* [1]	*1,000 bales* [2]	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Actual production, 1960-61 (end of Second Plan)	80,966	104,127	3,029	6,624	5,390	5,113	321	68	312
Estimated production during Third Plan:									
1961-62 [3]	79,827	97,562	2,714	6,861	4,500	8,052	354	46	344
1962-63 [4]	80,000	85,000	2,150	6,880	5,500	6,900	345	53	320
1963-64 [5]	83,000	98,000	3,000	7,000	5,500	7,200	360	58	340
1964-65 [5]	87,000	103,000	3,200	7,300	5,800	7,500	375	65	350
1965-66 [5]	90,000	108,000	3,500	7,600	6,100	7,800	390	73	355
Third Plan production goals	101,600	101,600	[6] 3,556	9,957	7,000	7,500	408	81	330

[1] 392 pounds net each. [2] 400 pounds net each. [3] Actual production. [4] Provisional. [5] Projections by U.S. Embassy and AID agricultural groups. [6] A proposal to raise this target to 4.1 million metric tons is under consideration.

At the national level, closer coordination of thought and action has been arranged between the Ministry of Food and Agriculture and other government agencies having responsibility for matters related to agricultural production. In the recent cabinet reorganization—result of political and economic developments that followed the Chinese attack last fall—the Minister of Agriculture was given overall supervision of the Ministry of Community Development and Cooperation and the Ministry of Irrigation and Power in matters concerning agriculture.

Irrigation to be stressed

Latest progress reports of the Planning Commission and the Ministry of Agriculture reveal both progress and problems. For example, at the end of 1962-63, actual utilization of major and medium irrigation was still estimated at only 72 percent of the potential at outlets. Special efforts have been initiated to improve this situation by arranging for the construction of additional channels on a campaign basis. Those who are to benefit from these channels are urged to cooperate as part of their contribution to the war effort.

In the first 2 years of the Third Plan, the major and medium works benefited an estimated 2.28 million additional acres—less than half the rate of increase needed to reach the 5-year target of 12.8 million. Minor irrigation facilities were expanding somewhat more on schedule, with another 5 million acres against the target of 12.8 million. Now, the target for minor irrigation has been raised by 50 percent, in line with the general acceleration program. State governments have been asked to give this work the highest priority.

The Plan calls for introducing dry farming techniques (using available rainfall without supplemental irrigation) on about 22 million acres. This target has now been more than doubled, to 50 million. Soil conservation measures were to be applied on an additional 11 million acres during the Plan period; so far, the score is 3.86 million, and the target has been upped by 50 percent with an exhortation to State governments for special attention.

Fertilizer program lagging

The Plan's fertilizer program has been slowed by insufficient domestic production, lack of foreign exchange for adequate imports, and tardy distribution of available supplies. In the first year, 1961-62, consumption of nitrogenous fertilizers totaled 282,000 tons (in terms of nitrogen), or only about 57 percent of the amount needed. In 1962-63, it is said to have increased to about 400,000 tons, or 70 percent of estimated demand. The target for the end of the Plan, however, is a million tons per year. Consumption of phosphatic fertilizers is even further behind schedule. In 1961-62, it was 72,000 tons (in terms of phosphoric acid), and it is estimated at only 74,000 in 1962-63, against the target of 400,000 tons by 1965-66 (about 80,000 a year).

Measures have been taken to increase fertilizer availability through expanding local production, and the Planning Commission has recommended that the Finance Ministry release adequate foreign exchange for fertilizer imports. State governments have been asked to arrange more effective and timely distribution of fertilizers—through the cooperatives if possible, and through other suitable agencies where there are no cooperatives or where they do not evince adequate interest in this work.

The 5-year target for additional acreage under improved seeds is 148 million acres. Only 26 million have been planted so far—less than half the needed increase. Because farmers have had difficulty obtaining the seed in time for planting, the government has set up a Central Seeds Corporation to ensure the production of hybrid seeds at selected farms. A special drive is being launched to cover about 25 percent of the total corn area with hybrid varieties under the Plan.

Intensive farming encouraged

From the seven selected districts in seven States with which the Intensive Agricultural District Program began in 1961-62, it has since been extended to one or more districts in each of the remaining 8 States. By the end of the first year, cultivated area brought under the program in the first seven districts had risen from 300,000 acres to about 1.2 million, and the use of chemical fertilizers and improved seeds had substantially increased, as had average crop yields.

In addition, the Indian Council of Agricultural Research is now sponsoring intensive production programs in 40 selected districts for rice, 100 for millets and pulses, and 53 for cotton and oilseeds. The States of Assam, West Bengal, and Bihar have begun producing vegetables for the defense forces, and there are projects for intensified fruit and vegetable production underway near 40 of the major cities.

The Community Development Program, scheduled to bring technical assistance within the reach of all the farmers in the country, covered a total of 5,149 blocs in various stages of development as of February 1, 1963. By October, the whole of rural India, which has been divided into 5,223 blocs, is expected to be covered.

Government has hopeful outlook

Finally, to provide incentive for greater farm production, the government has noticeably strengthened the price support program for average-quality white wheat, rice, sugarcane, cotton, and jute. The program has been extended to include grain sorghum, cardamom, and lemongrass oil, and the Minister for Food and Agriculture recently announced that it will cover all agricultural commodities within 4 or 5 years.

On the basis of its mid-term appraisal, the Planning Commission feels that 95 percent of the food-grain target of 101.6 million metric tons can be achieved. The U.S. Mission has projected a somewhat smaller figure, based on production trends in the past few years and on the likely availability of production means. Weather, however, is still the most important single influence.

Based on dispatches from the office of the U.S. Agricultural Attaché, New Delhi, India.

U.S. Able To Fill World Wheat Gap

—world needs are up, other available supplies limited

The United States alone of all the world's big wheat exporters is in position to fill the gap that exists in the world wheat supply this year. Many U.S. wheat exporters are gearing up in expectation that they will be called on to move much more wheat than the 675 million bushels that was the export forecast in August.

Even before early September, when Canada agreed to sell the Soviet Union nearly 240 million bushels of wheat, it was obvious that more U.S. wheat was going to be needed by the world in 1963-64 than in any other year. The unexpected Soviet request for Canadian wheat pointed to a larger supply gap than had been generally realized. The later interest in U.S. wheat clarified the picture still more.

All summer, pessimistic crop reports rolled in from country after country. Even though the world's wheat harvest is forecast a near-record 8,325 million bushels, this is a year of unusual trading situations. Weather damage to crops has sharply increased the need of many importing countries; it has even turned some exporters—especially the USSR—into importers. Canada is already straining its delivery facilities and Australia has already sold most of its forthcoming crop.

Why importing countries need more

Western Europe's total crop this year may be 300 million bushels below last year's record. Much of the wheat just harvested is of poor quality, too wet for milling unless dried mechanically; and much wheat sprouted in the fields. Dry wheat for milling became an urgent need as wet weather delayed harvesting. Early in September, many European countries were buying soft red U.S. wheat—a type their own production usually supplies.

Some East European countries have had a bad crop year too, particularly Poland, Czechoslovakia, and East Germany. Outturns in the Danube Basin, however, are larger than in 1962, except for Rumania. The import needs of Bloc countries are ordinarily supplied chiefly from within the Bloc, but this year may be different.

Though total wheat output in Asia is at an alltime high, the two big importers still need wheat. Bad weather sharply reduced Japan's crop, and its wheat import plans now call for 110 million bushels—a 20-percent increase. Pressure may have eased somewhat in Communist China, where reports indicate the crop may be slightly better than last year's. However, in August the Red Chinese signed a second 3-year agreement with Canada, covering 112-187 million bushels of wheat, with shipments of 18.5 million by January. They are still receiving wheat under a contract with Australia.

How some exportable supplies have shrunk

Bad weather hit many exporting countries too. The USSR has usually served as the granary for Eastern Europe and also sold wheat outside the Bloc. But its total acreage was smaller this year, and yields were reported less favorable. In the important winter wheat region of the Ukraine, a reduced crop was expected; in the New Lands, another drought year damaged spring wheat. Even before the Soviets showed interest in U.S. wheat, purchases from Canada and Australia and cancellation of export commitments to West European countries had revealed supply problems.

France, normally a sizable supplier of wheat to other West European countries, had severe weather damage and has harvested 2 million acres less than last year. Besides its usual imports of durum, it has recently imported bread grain for milling. Syria's crop is half of last year's and its export prospects small; Spain will slip back to import status, and so will Italy; Sweden, in some years an exporter, needs wheat itself.

How other supplies are tied up

Three of the world's top four wheat exporters now have limited potential for further large exports this year.

Argentina's 1962 crop was poor, and stocks on July 1 were the smallest in recent years. The crop now growing promises well, with an acreage 14 percent above last season's, but no large export surplus seems in prospect.

Australia had a record crop in 1962, but heavy sales to Communist China plus normal exports are expected to cut its stocks to a minimum by December 1 when the new marketing season starts. The wheat recently purchased by the USSR will all come from the crop about to be harvested. Though this crop is expected to be good, it will probably not allow for much expansion in exports.

Canada's excellent wheat crop is pushing its supplies to a record high, and considerably more wheat is statistically available for export; but the shipments already scheduled for the Soviet Union and other customers will tax railroad and port facilities to the limit.

That leaves the United States as the world's only country with a large and readily available wheat supply. As the 1963-64 marketing year begins, that supply adds up to 2,328 million bushels—92 million smaller than last year. Of this, about 615 million will be needed for domestic uses, leaving 1,713 million for export and carryover. This quantity is the equivalent of about 1½ years' domestic requirements.

A sizable part of this remainder is already committed under Public Law 480 agreements with a number of countries, including the four biggest U.S. wheat buyers—India, the United Arab Republic, Pakistan, and Brazil. But this year, as in other years when war or weather has drastically upset the world wheat balance, the United States has the abundance needed to even the scales.

U.S. Food Expert To Supervise American Food Served at U.S. Amsterdam Exhibit

Dr. Jeremiah J. Wanderstock, Professor at the School of Hotel Administration of Cornell University, will arrive in Amsterdam, October 16, to assume his new duties as supervisor for all food serving areas at the U.S. Food and Agriculture Exhibit, November 7-24.

The six areas—a main restaurant, a cook-out area, a "snel" buffet, soda shop, hotdog stand, and trade lounge —will all serve typical American food. They are expected to be among the Exhibit's big attractions for the thousands of visitors from West European and other countries.

Dr. Wanderstock will supervise the preparation of food by Dutch chefs, set up menus, and make sure that all food demonstrates the good quality, wholesomeness, and attractiveness of American foods.

The main restaurant will seat 300 persons and have a prestige atmosphere. It will serve such American specialties as strawberry shortcake and a 3-decker "Hi-boy" hamburger.

The cook-out area, just beyond the main dining room, will feature top-quality American poultry, steaks, and pork chops barbecued on an open pit. Waitresses will be dressed in Western style and a small group of musicians in cowboy outfits will provide music typical of the American West. Diners will eat at plain wooden tables seated on simulated tree stumps.

Nearby, a typical American ice cream shop will serve sodas, sundaes, milk shakes, and baked goods. The snel (Dutch for "quick") buffet—the European version of a U.S. cafeteria —will serve the same type of foods as those in the main restaurant, but in smaller quantities. The hotdog stand, probably located in the commodity exhibit area, will serve hotdogs, hamburgers, and soft drinks.

The trade lounge, on the second floor, where refreshments also will be served, will be primarily a meeting-place for trades people.

U.S. Leathers Are a Hit in Paris Show

Reports on the "Semaine du Cuir" leather show in Paris, France (Sept. 6-12), indicate the exhibit staged by the Tanners' Council of America, in cooperation with FAS, has paved the way for expanded exports of U.S. leather products to Europe.

"We received hundreds of inquiries from manufacturers and retailers representing more than 15 countries," according to Irving R. Glass, Executive Vice President of the Tanners' Council. "I am convinced this show furthered the interests of U.S. livestock producers and tanners."

Under the theme of "Quality and Value in Volume," the Council exhibited virtually every type of leather produced in the United States. European leather manufacturers were reportedly impressed with the variety of U.S. side-upper leathers for shoes—available in large volume at reasonable prices. Interest was also shown in the official U.S. shoe colors for spring 1964 and in the sample advertisements used to promote leather sales in this country. Handouts included a directory of all Council members and the leathers they export.

Two features of the U.S. exhibit caught the attention of European fashion designers and publicity media. Twice daily models showed the latest styles in American shoes, leather garments, and accessories. Another attraction was a U.S. shoe craftsman who hand sewed shoes on the spot.

Leaders in Bombay Scheme Receive Magsaysay Award

(l-r) Philippine Vice President Pelaez congratulates Khurody at ceremony.

The 1963 Magsaysay Award has gone to the three associates in the Bombay Milk Scheme in India, one of whom is the new regional coordinator of the U.S. dairy industry market development program in the Mid-East and Asia—Dara N. Khurody. The others are T. K. Patel and Verghese Kurien.

The Magsaysay awards, established in 1957 in honor of the late President of the Philippines, are given by the Magsaysay Foundation in "recognition of meritorious contributions to the public good in Asia." Presented on the President's birthday, they carry a cash prize of $10,000.

The recipients were responsible for the success of the Milk Scheme developed in 1945. The Scheme has since become one of the largest milk marketing operations in Asia. They were cited for "creative coordination of government and private enterprise that has improved the supply of milk in one of Asia's largest and most populated areas.

"Their efforts are a model of accomplishment," the Foundation said.

On October 15, Mr. Khurody will assume his duties as regional coordinator for the market development program of Dairy Society International, in cooperation with FAS.

USDA's Financial Ratings of Countries Seen As Sales Guide For U.S. Exporters

A country's current financial standing, though only a rough indication of ability to pay dollars for imports, can serve as a useful guide to U.S. agricultural exporters interested in expanding sales. Such a guide is issued biannually by the USDA's International Monetary Branch.

In the latest financial list, four countries improved their financial positions over the previous April ratings. Canada and Spain moved into the "excellent" category, joining 15 other countries in this top spot. For Canada, this is a comeback after dropping from "excellent" in September 1962 when serious financial difficulties led to dwindling foreign exchange reserves. Nationalist China and Jamaica went from "poor" to "good."

Japan's rating, currently "good," has not returned to the "excellent" classification it last held in March 1961, despite an excellent financial position on most counts. This is primarily because of the country's reliance on short-term loans from "highly volatile" sources.

The Monetary Branch points out that over a short period a country's financial position can change greatly. Adverse crop conditions may deprive a country of its usual commodity exports and the foreign exchange vital to economic development.

Or, despite increased exports, total revenue may fall because of price declines. Lost ground may be regained by imposing import restrictions or a country may draw upon its reserves. If it lacks reserves, it may under certain conditions draw upon the International Monetary Fund.

A sudden turn for the worse in financial positions may be caused by political forces, as in the Dominican Republic in 1960-61, where, just as swiftly, corrective measures apparently restored financial health in 1962-63.

The Monetary Branch classifies a country in one of four categories, indicating its ability to pay dollars for imports: (Dependent overseas territories are considered in same category as mother country.)

Excellent. Large foreign exchange holdings are more than ample to pay for usual imports; balance of payments situation satisfactory or favorable; outlook favorable.

Good. Exchange holdings are adequate to meet current import needs without difficulty; balance of payments situation stabilized; outlook either favorable or stable and without major adverse elements.

Fair. Payments difficulties limit the ability to import freely; reserves either barely sufficient to maintain essential imports, or currently adequate but deteriorating, with no indication that trend will reverse; balance of payments situation weak or shifting to unfavorable.

Poor. Exchange holdings are low or being depleted; balance of payments unfavorable and earnings short to meet import needs; deficit financed by drawing on reserves and/or foreign loans and assistance; and foreign indebtedness is often large.

For a complete list and detailed information write International Monetary Branch, Economic Research Service, USDA, Washington, D.C. 20250.

Excellent

Australia
Austria
Bahrein, State of
Belgium-Luxembourg
Canada
France
Germany
Italy
Kuwait
Netherlands
Panama
Saudi Arabia
Spain
Sweden
Switzerland
United Kingdom

Good

Denmark
El Salvador
Ireland
Israel
Japan
Lebanon
Libya
Malaya, Federation of
Mexico
Netherlands Antilles
New Zealand & W. Samoa
Nigeria
Norway
Portugal
Rhodesia-Nyasaland
South Africa
Sudan
Surinam
Thailand
Venezuela

Fair

Afghanistan
Algeria
Burma
Nationalist China
Costa Rica
Dominican Republic
Ecuador
Ethiopia
Finland
Ghana
Greece
Guatemala
Honduras
Iran
Iraq
Jamaica
Liberia
Nicaragua
Peru
Philippines
Tanganyika
Uganda

Poor

Bolivia
Brazil
Burundi
Cambodia
Ceylon
Chile
Colombia
Congo (Leopoldville)
Cuba
Cyprus
Guinea
Haiti
Iceland
India
Indonesia
Jordan
Korea
Laos
Mali
Morocco
Nepal
Pakistan
Paraguay
Rwanda
Sierra Leone
Somali Republic
Syrian Arab Republic
Tunisia
Turkey
United Arab Republic
Uruguay
Viet-Nam, South
Yugoslavia
Former F. African Ter.
Sino-Soviet Bloc

Italy Sets High Export Subsidy on Rice

In an effort to maintain traditional markets and to expand exports to EEC member countries, Italy has set the highest export subsidy on rice ever granted by that country. Italy's National Rice Agency (Ente Nazionale Risi) has announced subsidies, effective September 1-December 31 of this year, amounting to 1,500 lire per 100 kilogram, rough basis, with an additional 500 lire for most types of rice exported to EEC countries.

Italy's rice export subsidies from 1961 through 1963 were as follows:

Period	*Lire per 100 kilogram rough basis*
1961-April 1962	1,000
May-September 1962	0
October 1962-March 1963	1,000
April 1962-January 1963	500
May-August 1963	[1] 500
September-December 1963	[2] 1,500

[1] Semifine and fine only. [2] Plus 500 for some types to EEC.

Switzerland has been the major purchaser so far, taking 20,804 metric tons of rough rice, followed by Austria with 18,870, the United Kingdom with 15,625, and East Germany with 10,665.

Floods Damage Spain's Rice Crop

Torrential rains and storms in the second and third weeks of September seriously damaged the rice crops in Spain's Provinces of Valencia and Tarragona. Their combined production accounts for nearly 70 percent of Spain's rice crop.

In Valencia, storms on September 14 and 15 took a heavy toll of the harvest which had just begun. Piles of rice were washed away from the threshing facilities. Also, rice stalks were bent in the fields so that ears were left standing in water; growers were concerned that this would reduce the quality of the crop.

Current estimates are that the 1963 crop may be between 45,000 and 70,000 metric tons of rough rice less than the preliminary estimate of 380,000 tons. Production in 1962 totaled 390,000 tons, and the record harvest of 1954 reached 400,600.

The 1963 rice acreage, estimated at 158,000 acres, was about 4,000 acres larger than that in 1962.

ROUGH RICE: SPAIN'S ACREAGE AND PRODUCTION, AVERAGE 1955-59, ANNUAL 1960-62

Year	Acreage	Yield per acre	Production	
	1,000 acres	*Pounds*	*1,000 cwt.*	*1,000 metric tons*
verage 1955-59	164	5,168	8,475	384.4
0	163	4,888	7,968	361.4
1961	153	5,627	8,609	390.5
1962	154	5,583	8,598	390.0

Compiled from official statistics.

West Germany's Rice Imports Lower

Rice imports into West Germany during the first half of 1963, at 92,773 metric tons, were 14 percent less than the 107,569 tons in the same period of 1962. This volume exceeded the imports of 67,091 in January-June 1961.

Brown rice imports, comprising 90 percent of all rice imported, were 83,771 tons—a decline of 5,500 from those in the first 6 months of 1962. Mounting imports from Egypt resulted in reduced takings from other sources, principally the United States, Italy, and Surinam.

Imports of whole milled and broken rice were down 49 and 50 percent, respectively, from the comparable months of 1962. Principal sources for whole milled were the Netherlands and Italy, with lesser quantities from Madagascar, Thailand, and the United States.

Over half of the broken rice imports came from the United States. Other sources were Argentina, Cambodia, the Netherlands, Surinam, and Thailand.

WEST GERMANY: RICE IMPORTS BY COUNTRY OF ORIGIN, JAN.-JUNE 1963 WITH COMPARISONS

Classification and country	1961	1962	January-June 1962	January-June 1963
Semimilled:	*Metric tons*	*Metric tons*	*Metric tons*	*Metric tons*
Egypt	13,463	0	0	35,579
Italy	10,549	17,639	14,007	4,101
Spain	5,424	843	644	0
Surinam	10,411	14,154	8,019	5,905
Thailand	1,980	1,082	883	1,866
United States	60,216	85,298	62,526	35,336
Other countries	657	8,514	3,325	984
Total	102,700	127,530	89,404	83,771
Milled, whole, total [1]	10,909	9,928	5,678	2,805
Broken, total [2]	18,091	20,178	12,487	6,197
All rice:				
Argentina	997	4,640	884	994
Burma	5,859	11,319	6,534	0
Communist China	2,292	3,151	2,434	0
Egypt	18,123	214	214	35,579
Italy	15,150	19,772	16,038	4,794
Netherlands	5,602	5,008	2,421	1,696
Spain	5,424	1,343	1,142	0
Surinam	11,277	14,154	8,019	6,059
Thailand	2,276	4,817	3,311	2,130
United States	60,037	86,505	63,194	39,162
Other countries	4,663	6,713	3,378	2,359
Total	131,700	157,636	107,569	92,773

[1] Imported mainly from the Netherlands and Italy. [2] Imported mainly from the United States, Burma, Thailand, and Egypt.
Der Aussenhandel der Bundersrepublick Deutschland.

Madagascar Lima Bean Production Up In 1963

The 1963 production of lima beans in Madagascar, reported as a "good normal crop," is estimated at approximately 13,500 metric tons. This compares with a known short crop in 1962 (no production estimate available), and with 11,960 tons in 1961, 12,850 in 1960, and the 1955-59 average of 12,650.

Exports during the first 6 months of 1963 totaled 4,300 metric tons, of which 46 percent went to the United Kingdom, 44 percent to Reunion, and 6 percent to Japan. An-

nual export data are not available from Madagascar for the last 2 years, but in 1959 they totaled 10,877 tons and in 1960, 12,850 tons.

Argentina Increases Oilseed Price Supports

Price support levels for 1963-64 edible oilseed crops in Argentina are reported to have been increased substantially in order to encourage production expansion:

Crop	1962-63	1963-64	Percent Change
Sunflowerseed:			
Pesos per 100 kilograms	740	1,100	+49
U.S. cents per pound[1]	2.44	3.63	
Peanuts:			
Pesos per 100 kilograms	1,100	1,350	+23
U.S. cents per pound[1]	3.63	4.45	

[1] Based on exchange rate of 137.6 pesos = US$1.00.

Although the new support levels are considerably below current market value, the sharp increases from last season's levels should be encouraging to producers.

Iceland's Exports of Fish Oils

Iceland's exports of herring oil during the first 6 months of 1963 declined by 22 percent to 17,212 short tons from 21,954 tons in the comparable period a year ago.

Exports of cod liver oil (including nonfreezing, nondestearinated, and industrial cod liver oil) amounted to 5,080 tons in January-June 1963—up from the 2,793 tons exported in January-June 1962. Exports of redfish oil totaled 127 tons in January-June 1963 as against 16 tons in January-June 1962.

Chinese Soybeans Reportedly of Better Quality

The quality of Chinese soybeans imported by Japan in 1962 improved over imports in 1961, according to an analysis made by a large Japanese importing firm. The analysis was based on gradings as to moisture, admixture, damaged and split kernels, and oil content of U.S. and Chinese soybeans imported by three large Japanese users. The comparative quality data show the need to maintain the quality of U.S. soybeans for export.

Importers and crushers indicate that on the basis of present quality Chinese soybeans can be used for crushing on a $3-per-metric-ton differential below U.S. soybeans. Formerly $5 to $7 was considered necessary.

A trade mission left Japan for Mainland China September 14 to negotiate on purchases of soybeans. (*Foreign Agriculture,* September 16.) Inclusion in the group of four representatives from the soybean crushing industry, as well as representatives from the importers association, indicates the willingness of the crushing industry to purchase Chinese beans. Last year the team included three representatives of the miso (soy paste) group, as Chinese beans have traditionally been favored for miso making.

Trade sources report that the team may agree to purchase about 300,000 metric tons (11.0 million bushels) of Chinese soybeans for import during 1964 and up to 500,000 tons (18.4 million bushels) for import in 1965.

Should trade at those levels materialize, Communist China would be supplying approximately 20 percent of Japan's total soybean imports in 1964 and 33 percent in 1965, based on potential total imports of about 1.5 million tons (55 million bushels) each year. In 1962 China supplied 13 percent of Japan's total soybean imports and the United States, virtually all of the remainder.

Venezuela's Copra, Sesame Imports Up

Venezuelan imports of copra and sesameseed, traditionally the major oil-bearing materials imported, increased sharply in 1962 from a year earlier. The expansion was due mainly to increased demand for fats and oils. (Imports by industry are permitted only after a certain percentage of the domestically produced crops has been purchased.)

VENEZUELA: COPRA AND SESAMESEED IMPORTS, ANNUAL 1960-62

Country of origin	1960	1961	1962
	Short tons	*Short tons*	*Short tons*
Copra			
Philippines	39,007	7,940	21,882
Indonesia	1,141	22,430	16,298
New Hebrides	—	—	6,637
Other	11,142	17,528	11,339
Total	51,290	47,898	56,156
Sesameseed			
Sudan	6,872	8,568	11,479
Nigeria	3,414	6,805	8,052
Nicaragua	319	904	303
Others	4,458	1,102	3,341
Total	15,063	17,379	23,175

Compiled from official sources.

Copra imports, at 56,156 short tons, were one-sixth larger than in 1961. Two-thirds of the total came from the Philippines and Indonesia. Government attempts to stimulate local production of copra by maintaining favorable prices have been unsuccessful, apparently owing to cultural problems. Bud rot disease reportedly is so rampant that producers will not invest in coconut production.

Imports of sesameseed totaled 11,479 tons, one-third more than those of a year earlier. One-half of this total was from the Sudan. Increased production of sesame has been offset by increased requirements.

New Cocoa Statistical Service in Ghana

Ghana's Cocoa Marketing Board has set up a statistical department to provide more accurate forecasts of cocoa production and better estimates of crops actually harvested. This is to be accomplished by a countrywide survey to plot main and midcrop production in each district, zone, and region. In the past, only spot checks have been used as a forecasting technique. The department will also undertake to estimate the total number of cocoa trees in the various age groups, determine the indices of diseased trees and pods, and collect information on the effect on cocoa yield of the cultivating, fertilizer, and spraying practices used by the farmers.

India Plans Sugar Increases

The Indian Parliament announced on September 6 that it will extend additional production incentives to the sugar industry during 1963-64. These incentives, given with a view to increasing output of factory sugar to 3.3 million metric tons (3.6 million short tons), are as follows: An increase of about 12 percent over the former minimum price; a rebate in excise duty from 20 percent during the normal crushing season (November to March) to 50 percent in the off-season for increased production over the corresponding periods of 1961-62, and a decrease in the charge on cane purchased by mills at centers in the producing areas and hauled to the mills by road.

The increase in minimum cane prices payable by mills to growers is intended to check diversion of cane from the sugar mills to the gur and khandsari industries, which are free from the operation of price control on sugarcane. The sugar mills will be permitted to include the higher cane price in their production costs which form the basis of ex-factory prices of sugar to be fixed by the government.

Yugoslav Prune Crop Down

The 1963 Yugoslav prune pack is forecast at 20,000 short tons, according to unofficial estimates. This is considerably smaller than the large packs in 1961 and 1962 of 43,300 and 31,000 tons, respectively, but slightly larger than the 5-year average (1956-60) of 18,600 tons.

The fresh prune and plum crop has reportedly been hit badly by "plum wasps" and dry weather. Earlier unofficial estimates of 990,000 tons have been reduced to 600,000 tons (still an unofficial figure). The 1962 fresh crop amounted to 963,000 tons.

DRIED PRUNES: YUGOSLAVIA, SUPPLY AND DISTRIBUTION, MARKETING SEASONS 1960-61 THROUGH 1963-64

Item	Year beginning October 1			
	1960-61	1961-62	Preliminary 1962-63	Forecast 1963-64
	Short tons	*Short tons*	*Short tons*	*Short tons*
Beginning stocks	17,800	2,800	16,500	9,000
Production	3,100	43,300	31,000	20,000
Total supply	20,900	46,300	47,500	29,000
Exports	13,400	16,600	33,000	——
Domestic disappearance	4,700	13,000	5,500	——
Ending stocks	2,800	16,500	9,000	——
Total distribution	20,900	46,100	47,500	——

Yugoslav exports of dried prunes in 1962-63 were probably the largest since the 1920's. They are tentatively estimated at 33,000 tons, virtually double the 1961-62 volume and considerably above average exports for 1955-59 of 18,900 tons. Yugoslav sources indicate that most of these exports went to East European countries. In view of the much smaller 1963-64 supply, exports will probably be down sharply. Some sources believe that 20,000-25,000 tons may be exported in 1963-64.

Estimates of stocks are subject to considerable reservations. However, it appears that stocks on October 1, 1963, may approximate 9,000 tons, as against the 16,500 tons believed carried as stock on October 1, 1962.

Prunes from the 1963 crop are said to be smaller than average (about 100 per half kg.) because of the dry weather.

Possibly 16,500 tons of the new crop will be dried in modern dehydrators and 3,500 in the old farmyard driers. Theoretically, the 500 or so modern dehydrators could handle 33,000 tons of dried prunes, natural condition basis.

The Yugoslav consumption, usually 3,000 to 4,000 tons annually, has been higher in the last 2 seasons. One possible reason is that since August 1962 the Yugoslav Government has forbidden purchases by state and "cooperative" enterprises of prunes dried in the farmer's traditional driers. The tonnage dried in this way—and it is still substantial—cannot enter export channels and is probably mainly consumed locally. Also, a large tonnage from the bumper 1961 crop could not be exported because of its low quality and had to be diverted to use for brandy and jam.

Some interesting figures have been released by the Yugoslav Government on the socialist versus private "sectors" for 1962:

Sector	Number of prune and plum trees		Yield per tree	Production
	Total	Bearing age		
Socialist:	*1,000 trees*	*1,000 trees*	*Pounds*	*Short tons*
State farms and combines	485	174	26	2,300
Cooperatives and other agr. organizations	1,415	431	26	5,600
Total	1,900	605	26	7,900
Private farms	77,500	61,395	31	955,500
Total	79,400	62,000	31	963,000

The "socialist sector" in 1962 thus accounted for 24 percent of all prune and plum trees but for only 10 percent of bearing trees. Obviously there are many trees on socialist farms that have not yet come into bearing—actually 62 percent of the 1962 number, compared with 21 percent not yet producing on private farms. The socialist sector should, therefore, be of considerably greater importance in the next few years. Also, the yield should increase as the bearing surface expands on the relatively young trees now in production. Since these trees will also have the benefit of more modern spray equipment and materials than those on private farms their yields may ultimately be higher than those of trees privately grown, which are subjected to livestock damage from the individual farmer's animals.

Germany To Import Canned Cherries

West Germany has announced an import tender for canned cherries (type not specified) in containers of less than 5 kilograms (about 11 pounds), from the United States and Canada.

License application will be accepted until March 29, 1964, and licenses will be valid through March 31, 1964.

New Afghan Raisin Plant

On August 21, the Afghan Deputy Minister of Mines and Industries officially opened a raisin processing plant on the outskirts of Kabul. Built at an approximate cost of $500,000, the plant is a joint venture of an Afghan firm, which provided 70 percent of the capital, and an American firm, which provided the remaining capital.

The factory is equipped entirely with American machinery, capable of cleaning, sorting, and packing up to 50 tons of raisins in a 24-hour period.

Officials of the new plant hope to gain markets in Asia and Japan.

U.S. Livestock Sold to Salvadorans

El Salvador's Deputy Director of Livestock recently selected 51 U.S. animals for shipment on September 16 to cattlemen in his country. This is the latest in a series of purchases being made under El Salvador's livestock improvement program.

The following breeds were represented: Brown Swiss, 2 heifers and 13 bulls; Holsteins, 9 heifers and 12 bulls; Jerseys and Angus, 1 bull each; Berkshires and Durocs, 3 gilts and 2 boars each; Southdowns, 3 rams.

Australian Meat Shipments to the U.S.

Two ships left Australia the last of August with 6,825,280 pounds of beef, 504,000 pounds of mutton, and 4,480 pounds of variety meats for the United States.

Ship and sailing date	Destination [1]	Arrival date	Cargo	Quantity
	Eastern and Gulf ports and St. Lawrence Seaway			*Pounds*
Baltic Sea	Jacksonville	([2])	Beef	179,200
Aug. 31	Norfolk	([2])	Beef	98,560
	Charleston	Sept. 27	Beef	152,320
			Mutton	67,200
	Philadelphia	29	Beef	302,400
			Mutton	22,400
	New York	Oct. 3	Beef	4,139,520
			Mutton	380,800
	Boston	4	Beef	1,126,720
			Mutton	33,600
			Var. meats	4,480
	Detroit	19	Beef	306,880
Vingaland	New Orleans	25	Beef	228,480
Aug. 31	Houston	28	Beef	291,200

[1] Cities listed indicate location of purchaser and usually the port of arrival and general market area, but meat may be diverted to other areas for sale. [2] To be transshipped.

U.S. Exports of Most Livestock Products Up

U.S. exports of livestock products for the first 7 months of 1963 continued for the most part to be larger than those for the same period in 1962.

Shipments of lard through July were 14 percent above exports for the previous year, as demand continued strong in the United Kingdom.

Inedible tallow and grease exports were up by 11 percent, largely because of increased sales to Japan and larger P.L. 480 sales to Taiwan and Yugoslavia. Exports of tallow to EEC countries, continuing their downward trend, were 14 percent below those for the first 7 months of 1962.

Pork exports doubled in 1963, mainly because of larger shipments to Canada. Also Japan is buying U.S. pork this year.

Exports of natural casings continued to run ahead of last year. Shipments of hog casings were up by 8 percent and those of beef casings, by 36 percent.

Increased buying in EEC countries prior to a rise in import duties on September 2 and increased demand helped to up variety meat exports by 30 percent. Demand has also been stronger in the United Kingdom.

Mohair exports were 8 percent higher, with increased shipments to Japan and Italy, offsetting declines in exports to Belgium and the Netherlands. Purchases by the United Kingdom remained about the same.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
(Product weight basis)

Item	July		Jan.-July	
	1962	1963	1962	1963
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	38,243	52,387	267,805	304,135
Inedible tallow & greases [1]	119,798	178,109	994,603	1,103,720
Edible tallow and greases [2]	589	626	8,197	6,430
Meat:				
Beef and veal	1,852	1,947	14,992	13,327
Pork	6,340	8,137	36,105	75,831
Lamb & mutton	152	38	1,660	589
Sausage:				
Except canned	143	151	884	861
Canned	37	51	477	525
Baby food, canned	114	30	548	320
Other canned meats	89	176	727	827
Total red meat	8,727	10,480	55,393	92,280
Variety meat	10,104	11,539	69,458	90,546
Sausage casings:				
Hog	1,006	1,194	7,940	8,600
Other natural	349	681	2,390	3,245
Mohair	654	684	7,671	8,374
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides & skins:				
Cattle	690	622	3,980	4,132
Calf	90	92	1,028	854
Kip	26	25	195	122
Sheep & lamb	198	219	1,298	1,609

[1] Includes inedible tallow, oleic acid or red oil, stearic acid, and other inedible greases, fats and oils. [2] Includes edible tallow, oleo oil and stearin, oleo stock and shortenings, animal fat, excluding lard.

Germany Announces Beef Liver Import Tender

On September 13, the German Foreign Trade Agency published an import tender for frozen beef livers from the United States and Canada. Import licenses will be valid for 60 days; no license will be valid after March 31, 1964.

First applications for licenses are limited to a quota of not more than DM 50,000. If a firm has imported its quota, or if the license has expired, the firm may apply for a new license of up to an additional DM 50,000. The regulations of the Meat Inspection Law and of the Food Law have to be complied with in all cases.

It is now contemplated that the CAP system for beef

products will become effective on April 1, 1964, replacing the present import tender system. Livers are the only beef variety meats Germany permits to be imported from the United States.

U.K. Lard Imports Increase By 13 Percent

Imports of lard into the United Kingdom in the first 7 months of 1963 totaled 296 million pounds, 13 percent above the 262 million purchased in the same period last year.

Imports from the United States, at 249 million pounds, were up 21 percent from last year and accounted for 84 percent of the total.

Shipments from Denmark, West Germany, and Sweden were also above last year's, while those from Poland, Belgium, and France were down.

Larger U.K. imports this year reflect favorable lard prices in relation to prices of competitive oils, which have stimulated lard use by shortening manufacturers. At the same time household users of lard have maintained or increased their purchases of lard.

LARD: U.K. IMPORTS BY COUNTRY OF ORIGIN, JANUARY-JULY 1962 AND 1963

Country of origin	Jan.-July 1962		Jan.-July 1963	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	205,227	78.4	248,810	84.0
France	15,048	5.8	13,196	4.5
Denmark	8,329	3.2	8,831	3.0
Belgium	11,134	4.3	8,129	2.7
Germany, West	4,735	1.8	7,655	2.6
Poland	10,547	4.0	3,360	1.1
Netherlands	3,544	1.4	3,060	1.0
Sweden	2,625	1.0	2,924	1.0
Other countries	623	.1	412	.1
Total	261,812	100.0	296,377	100.0

Henry A. Lane & Co., Ltd.

Italy Imports Argentine Cattle

In August, a shipment of 620 steers was sent from Argentina to Italy. This shipment has been described as an experimental one; if successful, it could open the way for shipments of up to 50,000 cattle every year.

The Argentine Meat Board has established that steers destined for shipment to Italy must weigh at least 500 kilos and be of uniform quality and grade. This decision was aimed at adapting Argentine shipments to Italian standards.

France Restricts Exports of Calves

The French Government has decided to limit exports of calves to Italy, following recent large shipments to that country. Starting on September 10, 1963, only calves weighing 264 pounds or more, liveweight may be shipped to Italy.

French calf exports have been increasing rapidly. During the first 6 months of 1963, over 58,000 head were exported—almost three times as many as during the same period of 1962. The bulk of the exports go to Italy. Although calves traditionally come from southern France, Italian buyers recently have been active in central and northern French markets.

This move is planned to help keep veal prices down in France. In mid-September, extra-quality calf carcasses were quoted at 73 cents per pound—9 percent above the price in the same period a year ago.

France May Import Latin American Beef

France announced on September 11 the establishment of a credit equal to $2 million to be used by the government price support agency (SIBEV) for importation of up to 9 million pounds of frozen beef. This move is another step by the government to combat inflation.

Trade sources report that imports will probably be made from Argentina or Uruguay and will be limited to forequarters, as SIBEV currently holds large stocks of hindquarters in cold storage. The beef may be brought into France in time to combat an expected price rise during the spring of 1964.

The French Price and Stabilization Agency is reported to have instructed SIBEV to offer its stocks of imported frozen beef for sale only when the price of first-class steer beef carcasses rises above the ceiling of 50 cents per pound. These carcasses were recently quoted at 46 cents per pound, 10 percent above the price on the comparable date in 1962.

Paraguay May Ship Horsemeat to the U.S.

The Paraguayan Ministry of Agriculture and Livestock issued a new horsemeat inspection regulation July 18 which may pave the way for exportation of horsemeat to the United States. The regulation (Resolution No. 152) prescribes the manner in which horses will be inspected and slaughtered and the meat inspected and labeled, for shipment.

The United States is a large importer of horsemeat, largely for the manufacture of canned dog food. South American countries are becoming new sources of supply as horse numbers in North America have declined. Horses are not susceptible to foot-and-mouth disease, so frozen horsemeat from those countries may be imported by the United States with the restriction that it be used in preparation of processed items such as canned pet food.

Australian Merino Fleece Competition

In June 1964, a competition for the Ermenegildo Zegna Perpetual Trophy for the best superfine merino fleece will be held at the Midland Agricultural Association's Campbell Town Show in Tasmania. Special arrangements have been made with the Australian Ministry for Primary Industry for the importation and quarantine of fleeces for this show. Transportation must be by sea and the fleeces will be held in Melbourne until released from quarantine.

Further information regarding this competition can be obtained from T. J. Tyson, c/o A. G. Webster and Woolgrowers, Ltd., P.O. Box 405, Launceston, Tasmania.

Rhodesian Flue-Cured Sales Completed

Sales of Rhodesian flue-cured tobacco in Salisbury, Southern Rhodesia, in 1963 set another record. Value was equivalent to U.S. $94.6 million—up slightly from the previous 1962 high of U.S. $94.1 million. The average price per pound was equivalent to 48.6 U.S. cents, exceeded only by the 1952 high of 50.0 cents and was 7.8 cents higher than the 1962 average of 40.8 cents. The total quantity of leaf sold during the 1963 season amounted to 194.8 million pounds, or 36 million less than the 1962 sales figure of 230.8 million.

Mexico Increases Farm Price for Tobacco

The Mexican Government has reportedly increased by 15 percent the farm price for tobacco to be harvested in 1964.

The grower price for the 1963 harvest of air-cured leaf produced in Nayarit was equivalent to 17.5 U.S. cents per pound, while the 1964 price will be 20.1 cents per pound. Leaf produced in Veracruz was increased from 24.7 to 28.4 U.S. cents per pound. The price for green leaves produced in Nayarit and delivered to tobacco companies for flue-curing is expected to approximate 4 cents per pound this coming season.

Price increases of this magnitude usually stimulate production, but since acreage is on a contract basis the actual increases may be from only slight to moderate. Also, the increase in grower prices may affect exports adversely which would tend to discourage further expansion in production.

Recent reports from Mexico, indicate that grower organizations are actively seeking a loan from their government equivalent to U.S. $18.8 million to expand production for export. No government action has been announced concerning the status of this loan. However, a new drying plant being built in Nayarit will undoubtedly facilitate exports of tobacco from that region. The plant is expected to be in operation for the 1964 harvest.

New Zealand Exports Tobacco

In late August, a shipment of 220,000 pounds of flue-cured tobacco left the port of Nelson, New Zealand, destined for the U.K. market. This shipment, valued at the equivalent of 69 U.S. cents per pound, was New Zealand's first major export of domestically grown tobacco.

Brunei's Cigarette Imports Down

Brunei's imports of cigarettes during 1962 totaled 130 million pieces—down slightly from the 134 million imported in 1961. Reduced imports from the United Kingdom and the United States accounted for the decline.

Imports from the United Kingdom, the principal supplier, totaled 86 million pieces, compared with 94 million in 1961 and 105 million in 1960. Takings from the United States, at 26 million pieces, were also down from the 1961 level of 30 million pieces. However, imports from both Singapore and Hong Kong were up from the previous year.

Brunei's re-exports of cigarettes last year amounted to 877,000 pieces, compared with 344,000 in 1961 and 296,000 in 1960. Sarawak and North Borneo are the destinations for these shipments.

New Cotton Regulations in Guatemala

The Government of Guatemala has announced several decree-laws imposing certain regulations on cotton production and exports.

One of them, passed in August 1963, requires licenses to plant, the turning-under of crop residues, registration of cotton gins, and others. The Guatemalan cotton industry is especially concerned about the requirement that after 4 consecutive years of planting to cotton, an area must be planted to a leguminous crop for the following 2 years. Some parts of the decree are essentially unchanged from those previously in effect; however, the limit of fines for violators has been raised from $5 to $2,000.

A tax on ginned cotton exports became effective in July 1963. This new tax is 10 percent ad valorem on the excess received over the f.o.b. price of $20 per quintal (101.4 pounds). At current prices this would amount to about $2.50 per bale. Revenue from export duties on the 1963-64 crop could total approximately $750,000. The new export tax, along with a recently imposed income tax and a higher tax on fuel, will affect net returns from cotton.

Another decree-law which became effective September 12 imposes a fee of 1 cent per gallon on insecticides applied by foreign pilots. The decree specifies that the fee is to be deducted from compensations to the pilots for their services.

The Netherlands Is Importing Butter

For the first time in many years, the Netherlands must import butter. The tight butter situation is due to (1) the selling out at low prices of government stocks as "kitchen butter," and (2) reduced butter production and increased exports in the first half of 1963.

Butter production in the first half of 1963, totaling approximately 109 million pounds, was down by about 4 percent because of decreased milk production. Exports of butter in that period were up, however, and amounted to 75 million pounds, compared with only 32 million in the same period of 1962. These large shipments were the result of good export demand, favorable prices, and export subsidies.

On August 6, the Government Purchasing and Selling Bureau (VIB) advised importers that it was prepared to accept bids for the purchase of imported nonsalted butter. Bids were made by the United States, France, and other (mostly East European) countries. The VIB accepted the United States' bid, which was the lowest one made. Negotiations were completed for shipment to the Netherlands during September and October of 8.8 million pounds of U.S. butter, priced at approximately U.S. $.51 per pound.

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This price included import duties and import levies but excluded storage costs. The butter, which will be sold at approximately $.45 per pound, free storage warehouse, will be for domestic consumption only and may not be mixed with Dutch butter.

The VIB is taking losses between the purchase and the selling price. These losses will be offset, however, by the import levy of $.09 per pound placed by the Product Board for Dairy.

The VIB has apparently lowered the export price on butter to maintain sufficient supplies of Dutch butter for export to traditional markets (mainly to the United Kingdom), and to reduce the retail price of all butter in the Netherlands. (Recent price increases for butter have caused a substantial reduction in domestic butter consumption.)

The VIB will decide in the course of the next few weeks whether additional imports of butter will be purchased.

Dutch Revise Export Subsidy Payments on Cheese

The Product Board for Dairy in the Netherlands recently authorized substantial changes in export subsidy payments on cheese. In addition to changes in rates of payments, authority was granted to subsidize cheese exports to several countries which previously had not been allowed subsidies; one of these countries was the United States. Cheese exports to all destinations are now subsidized.

The subsidy rate for most types of cheese, except farmers and Cheddar, produced after March 9, 1963, amounts to the equivalent of about 2.1 U.S. cents per pound. On "Melting cheese" or cheese for processing, produced after May 4, 1963, the rate is equivalent to about 1.5 U.S. cents per pound except on shipments to Belgium and Luxembourg, where the rate of payment is somewhat lower. The rate on high fat Cheddar cheese to Great Britain was reduced on August 1, 1963, from about 3.5 to 2.25 cents per pound.

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